Letter of Transmittal

To His Honour
The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan
Province of Saskatchewan

Your Honour:

I am honoured to submit the annual report of the Saskatchewan Communications Network Corporation (SCN) for the year ended March 31 2009, including financial statements, in accordance with *The Communications Network Act*.

Respectfully,

Dustin Duncan
Minister Responsible for SCN

Message from Board Chair

SCN looks back on a year of action and success.

SCN supports the Saskatchewan film and television industry by licensing and broadcasting original programming to engage and educate viewers. SCN works with local producers to create programs that meet the priorities of the Saskatchewan audience. Last year, the acclaimed regional series ***Drug Class***, which teaches about harm mitigation through the work of a local substance abuse expert, provided important education for students, parents and teachers.

While SCN is best-known for its public educational broadcast, the organization provides other vital services as well. The televised distance education network provides equitable access to educational opportunities, distributing secondary and post-secondary credit courses to students in remote and rural locations. About 5,000 Saskatchewan residents use SCN's distance education network each year.

SCN's satellite network also provides opportunities for informal education, and last year worked with the Canadian Cancer Society and the Ministry of Education to televise via satellite three keynote presentations about the dangers of smoking to schools throughout the province, reaching a far wider audience than possible through the originally planned presentations to a few select schools.

Throughout the reporting period, SCN has evolved its operations to engage its stakeholders, meeting their needs with innovation and professionalism.

Veronica Gamracy
Chair, SCN Board of Directors

SCN Board of Directors

Veronica Gamracy, Chair
Van Isman
Glenda James
Chris Lee
Kelly Miner
Devin O'Neal
Patti Pacholek
Raj Randhawa
Patricia Roe
Gordon Tootoosis

Message from President and CEO

Throughout this past year SCN has emphasized internal efficiencies, positioning the organization for future growth.

Technical units were amalgamated, a change that created efficiencies and integration within the organization. In addition, SCN combined the functions of programming, marketing and communications into one unit, enabling the organization to be more responsive to the changes taking place within the television industry. Moreover, a new work unit was formed with existing staff to support SCN stakeholders: Government, Board of Directors, donors and viewers.

SCN also took steps to ensure staff received targeted professional development, encouraging life-long learning through workshops dedicated to the development of effective habits to support personal and professional growth. The training will help staff continue to support stakeholders throughout this current period of transition in the industry.

These internal changes were seamless to our Education Broadcast Network audience, as we continued to broadcast a strong and engaging mix of documentaries, drama and children's programs from Saskatchewan, Canada and beyond. The broadcast schedule was transformed through a decision to focus on educational children's programming during daytime viewing hours.

This annual report also includes our accountability to stakeholders as reflected in the audited financial statements.

T MacDougall

Twyla MacDougall
A / President and CEO, SCN

SCN Executive Team

Twyla MacDougall,
A / President and CEO

Richard Gustin,
Executive Director, Programming

David Stanchuk,
Director, Business Development, Technology

Ranjan Thakre,
Director, Marketing and Communications/
Executive Director, Content

Jody Wise,
A / Executive Director, Finance,
Strategic Planning and Human Resources

SCN Corporate Overview

VISION

SCN contributes to prosperity and opportunities for growth by inspiring Saskatchewan people to innovate and imagine a future of possibilities.

Education Broadcast Network

SCN operates a unique educational channel that stimulates curiosity and fosters new ideas. The Education Broadcast Network contributes to economic growth by investing in the success of a dynamic provincial film and television sector. SCN encourages Saskatchewan producers to create content that is relevant to viewers and also attractive to national and international broadcasters.

Satellite Infrastructure Network

SCN connects Saskatchewan people with opportunities that contribute to economic growth through its Satellite Infrastructure Network. This network provides equitable access to connectivity that is capable of reaching every rural and remote community in Saskatchewan. This includes televised distance education, professional development and workplace training, access to high speed internet and television broadcasting.

- **Televised distance education**
  SCN's infrastructure also helps to ensure that Saskatchewan students have equitable access to learning opportunities. Operated on behalf of the Ministry of Education and the Ministry of Advanced Education, Employment and Labour, Live Interactive Video Education (LIVE) distributes televised K-12 and post-secondary courses to classrooms throughout the province.

SCN connects business, learners, and communities, creates economic and cultural opportunities and communicates a future of possibilities through the operation of broadcast and satellite networks.

MISSION

- **Professional development and work place training**
  Cost-effective workplace and professional training is available to businesses, agencies and community-based organizations. Using the televised distance education infrastructure, clients deliver skills training and lifelong learning to employees dispersed around the province.

- **Access to high speed internet**
  Connectivity enables anyone, regardless of where they live and work, to participate in today's economic opportunities. SCN delivers a robust internet over satellite solution to rural and remote schools, business and government where other providers cannot currently reach cost effectively.

- **Broadcast distribution**
  SCN broadcasts the activities of the Saskatchewan Legislature when in session, including member statements and Question Period, to viewers throughout the province. SCN also broadcasts an educational network reaching 90 per cent of Saskatchewan residents and audiences across Canada via satellite.

Moving Forward: Progress in 2008-09

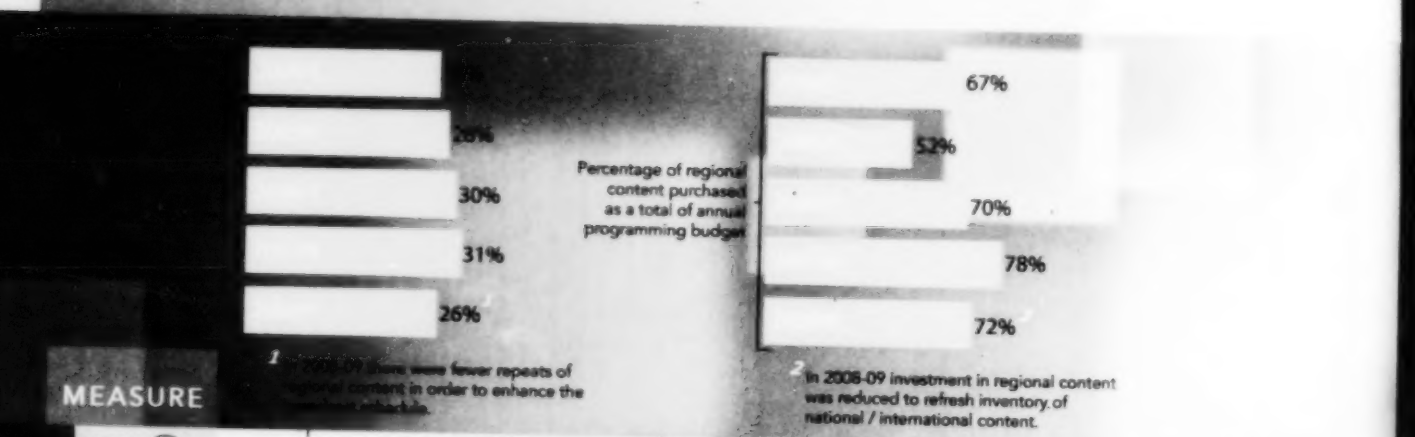
...ment in Saskatchewan's film, television and digital media sector contributes to economic ... prosperity.

Investing in Saskatchewan

SCN invested over $2,000,000 for broadcast content: 70 per cent of the budget remained in Saskatchewan to support local productions. Approximately 361 hours of programs were purchased, with nearly 92 new Saskatchewan-produced hours added. 31 programs/series were delivered to SCN, including four original series. In March 2009, SCN was pleased to learn its Canadian Television Fund (CTF) envelope received a significant increase of over $200,000, which will enable the public broadcaster to raise production values and attract larger audiences for its Saskatchewan-produced programs.

Empowering viewers

In the multi-channel universe of today, few broadcasters invite viewers to choose programs. Last year, SCN selected eight entrants from its U-Pick Contest, giving each the opportunity to schedule an evening of their favourite programs. Moreover, a third season of *15 Minutes of Fame* was commissioned, comprised of 36 viewer-produced videos from locations across the province.



Moving Forward: Progress in 2008-09

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...ngagement of viewers

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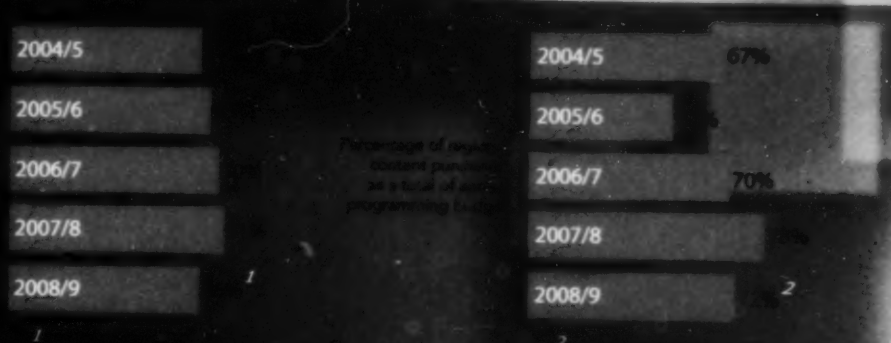


MEASURE

SCN's expanded children's programming helps Saskatchewan families to educate their children and contributes to quality of life.

Celebrating national success

Three original SCN series were honoured to receive prestigious Gemini Awards for excellence: the children's claymation series, *Wapos Bay*; a series about substance abuse, *Drug Class*, and the popular art series, *Landscape as Muse*, which also received a 2009 national Indie Award in Ottawa. Another Saskatchewan series, *Truth or Tale*, won both local and international awards. Ten SCN programs received 2008 Showcase Awards.

Looking after the kids

SCN changed its Education Broadcast Network schedule to expand its non-violent, non-commercial children's programming, which now fills the day from 7 a.m. until 6 p.m. on weekdays, and 5 p.m. on weekends. Original children's series like the award-winning, Saskatchewan-produced *Wapos Bay* teach Saskatchewan children important life lessons from diverse perspectives.

Percentage of SCN viewers surveyed rating their satisfaction with SCN at seven out of ten

2008/9 41%

Percentage of total Saskatchewan population who watched SCN in the week prior to being surveyed

2008/9 16%

These are new measures established in 2008-09 to which future year data will be compared.

MEASURE

Operating and maintaining a reliable satellite infrastructure network provides equitable access to connectivity helping Saskatchewan to meet the challenge of a growing and dispersed population.

Health education, LIVE on SCN

Three 'Spit Tobacco' Presentations were televised via Live Interactive Video Education (LIVE) in October 2008. Organized by the Canadian Cancer Society and with the support of the Ministry of Education, the presentation reached a wide audience of students.

Improved online communication

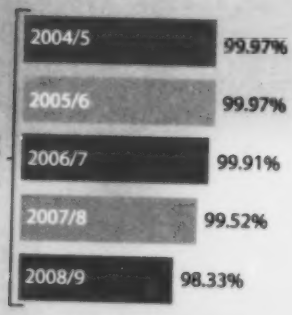
SCN redesigned its website to be more engaging to visitors with video windows, banners, and microsites. There is now more to do at www.scn.ca, and more visitors are coming: web statistics show traffic to the site is up 30 per cent over last year.

Satellite platform upgrade

SCN undertook significant technical upgrades to both its satellite platform and its Broadcast Operations. The construction of a C-band satellite platform was completed in November 2008, creating new, more robust service and realizing cost-savings for the corporation and its existing clients. Moreover, the network is now ready for additional services, including the migration of the Education Broadcast Network and Saskatchewan Legislative Network scheduled for July 2009.

MEASURE

Service reliability of networks



Annual results reflect the average performance of several different networks. The difference is within the margin of error and negligible in terms of operational performance.

Investment in SCN's technical infrastructure creates operational efficiencies and contributes to accountability.

Broadcast Operations technical upgrade

The Broadcast Operations Centre saw major hardware and software upgrades to its servers, making SCN's already-reliable service even more stable. These upgrades also brought SCN's signal transmission closer to meeting High-Definition standards.

Expanded satellite marketing initiatives

Growing confidence in SCN's televised distance education service was confirmed last year when the Saskatchewan Ministry of Education requested a major expansion of the system, from 270 to 771 sites. Work is underway expanding the infrastructure and equipping new televised classrooms. The new sites are expected to be operational in the 2009-10 school year. In addition, Government usage of SCN's satellite-delivered broadband services to remote areas increased by 50 per cent. SCN also provided video distribution services to Access Communications, distributing live broadcasts of *Access7 Charity Bingo* and *In the Huddle* from Regina to 28 communities.

Financial Report

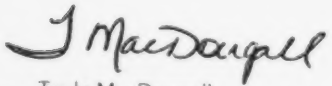
Responsibility for Financial Statement

Management has prepared the financial statements of the Corporation in accordance with Canadian generally accepted accounting principles. The financial data included elsewhere in this report is consistent with these statements and the underlying information from which the Corporation prepared them.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfill this integral part of operations the Corporation maintains an appropriate system of internal controls, policies and procedures. These systems provide reasonable assurance that assets are safely guarded and transactions are authorized and accurately recorded.

An audit committee, composed of members of the SCN Board of Directors, meets at least twice a year with management and a team of independent auditors. These auditors have free access to this committee, without management present, to discuss the results of their audit work and their opinion on the adequacy of internal financial controls and the quality of financial reporting.

The financial statements have been examined and approved by the SCN Board of Directors. Independent external auditors have examined the March 31, 2009 financial statements and their report follows.



Twyla MacDougall
A / President and CEO, SCN
May 2009

Auditors' Report

KPMG LLP
Chartered Accountants
McCallum Hill Centre, Tower II
1881 Scarth Street, 20th Floor
Regina, SK S4P 4K9
Canada

Telephone (306) 791-1200
Fax (306) 757-4703
Internet www.kpmg.ca

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the balance sheet of Saskatchewan Communications Network Corporation as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada

May 28, 2009

Balance Sheet

AS AT MARCH 31, 2009

	2009	2008
Assets		
Current Assets		
Cash	$ 929,939	$ 574,368
Accounts receivable and accrued interest	3,960,300	626,072
Prepaid expenses	25,363	143,932
	4,915,602	1,344,372
Property Plant and Equipment (note 3)	1,709,280	1,232,462
Film and Television Program Rights (note 4)	2,310,037	2,541,554
	$ 8,934,919	$ 5,118,388
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,361,361	$ 975,506
Funds under administration (note 5)	3,069,686	159,695
	4,431,047	1,135,201
Deferred Contributions (note 6)	32,050	28,893
Deferred Contributions Related to Property Plant and Equipment (note 7)	1,094,386	618,096
Net Assets		
Invested in property plant and equipment	614,894	614,366
Invested in film and television program rights	2,310,037	2,541,554
Unrestricted	452,505	180,278
	3,377,436	3,336,198
	$ 8,934,919	$ 5,118,388

Commitments (note 8)

Signed on behalf of the Board

, Director

, Director

see accompanying Notes to the Financial Statements

Statement of Operations

FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
Revenues		
Grant from the Government of Saskatchewan		
-General revenue fund	$ 5,997,000	$ 5,997,000
Data transmission over satellite	1,022,588	1,573,943
Video transmission over satellite	341,366	281,959
Network configuration	305,755	153,788
Corporate sponsorship	118,500	51,250
Project administration and miscellaneous	168,103	77,212
Membership	45,922	73,110
Production support	---	33,708
Interest	13,929	24,705
	8,013,163	8,266,675
Expenses (note 12 and 13)		
Film and television program rights	2,239,935	2,124,339
Program development and production	220,069	399,182
Program support	682,119	638,295
Broadcast network distribution and support	679,009	717,517
E-learning network distribution and support	576,408	656,669
Other networks distribution and support	1,303,970	1,696,939
Administration	1,609,160	1,825,073
Amortization of property plant and equipment	661,255	516,768
	7,971,925	8,574,782
Excess (Deficiency) of Revenue Over Expenses for the Year	$ 41,238	$ (308,107)

see accompanying Notes to the Financial Statements

Statement of Changes in Net Assets

FOR THE YEAR ENDED MARCH 31, 2009

	Invested in			
	Property plant and equipment	Film & TV program rights	Unrestricted	2009
Balance, beginning of year	$614,366	$2,541,554	$180,278	$3,336,198
(Deficiency) excess of revenues over expenses	(661,255)	(2,163,535)	2,866,028	41,238
Increase (decrease) in investments	1,138,073	1,932,018	(3,070,091)	—
Deferred contributions related to property plant and equipment	(476,290)	—	476,290	—
Balance, end of year	$614,894	$2,310,037	$452,505	$3,377,436

FOR THE YEAR ENDED MARCH 31, 2008

	Invested in		Internally restricted (note 2d)		
	Property plant and equipment	Film & TV program rights	TV program rights	Unrestricted	2008
Balance, beginning of year	$769,232	$2,530,819	$196,500	$147,754	$3,644,305
(Deficiency) excess of revenues over expenses	(516,768)	(2,039,811)	(196,500)	2,444,972	(308,107)
Increase (decrease) in investments	974,114	2,050,546	—	(3,024,660)	—
Deferred contributions related to property plant and equipment	(612,212)	—	—	612,212	—
Balance, end of year	$614,366	$2,541,554	—	$180,278	$3,336,198

see accompanying Notes to the Financial Statements

Statement of Operations

FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
Revenues		
Grant from the Government of Saskatchewan		
-General revenue fund	$ 5,997,000	$ 5,997,000
Data transmission over satellite	1,022,588	1,573,943
Video transmission over satellite	341,366	281,959
Network configuration	305,755	153,788
Corporate sponsorship	118,500	51,250
Project administration and miscellaneous	168,103	77,212
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see accompanying Notes to the Financial Statements

Statement of Changes in Net Assets

FOR THE YEAR ENDED MARCH 31, 2009

	Invested in			
	Property plant and equipment	Film & TV program rights	Unrestricted	2009
Balance, beginning of year	$614,366	$2,541,554	$180,278	$3,336,198
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FOR THE YEAR ENDED MARCH 31, 2008

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	Property plant and equipment	Film & TV program rights	TV program rights	Unrestricted	2008
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Increase (decrease) in investments	974,114	2,050,546	—	(3,024,660)	—
Deferred contributions related to property plant and equipment	(612,212)	—	—	612,212	—
Balance, end of year	$614,366	$2,541,554	—	$180,278	$3,336,198

see accompanying Notes to the Financial Statements

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
Cash Flows From Operating Activities		
Grants received	$ 5,997,000	$ 5,997,000
Interest received	16,402	26,045
Fees received for goods and services	2,177,652	2,839,772
Net cash receipts for funds under administration	(140,009)	34,904
Cash payments to suppliers and employees	(4,625,383)	(6,038,395)
	3,425,662	2,859,326
Cash Flows Used In Investing Activities		
Cash payments for purchase of property plant and equipment	(1,138,073)	(974,114)
Cash payments for purchase of film and television program rights	(1,932,018)	(2,050,546)
	(3,070,091)	(3,024,660)
Decrease in cash	355,571	(165,334)
CASH - BEGINNING OF YEAR	574,368	739,702
CASH – END OF YEAR	$ 929,939	$ 574,368

see accompanying Notes to the Financial Statements

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2009

1. STATUS OF CORPORATION

Saskatchewan Communications Advanced Network Authority (SCAN) was established by an order-in-council January 11, 1989 under the *Crown Corporations Act, 1978*. SCAN was continued as Saskatchewan Communications Network Corporation (SCN) under the *Communications Network Corporation Act, 1990*. Accordingly, the financial results of the Corporation are included in the summary financial statements of the Province of Saskatchewan. As a provincial Crown corporation, SCN is not subject to federal income tax, provincial income tax, or goods and services tax.

2. SIGNIFICANT ACCOUNTING POLICIES

Pursuant to standards established by the Public Sector Accounting Board, the Corporation is classified as a government not-for-profit organization. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to not-for-profit entities and include the following significant accounting policies:

a) *Revenue recognition*

The government operating grant is recognized in the year it is approved. Other government contributions are recognized as revenue in the fiscal year in which the related expenses are incurred.

Deferred contributions represent funding received in the current period that is related to externally restricted expenses in the subsequent period.

Other revenues are recognized when the related service is provided.

b) *Use of estimates*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Assumptions underlying asset valuations are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.

c) *Defined contribution pension plan*

The Corporation contributes to a defined contribution plan. The defined contribution plan costs are recognized as employees render services during the year.

d) *Internally restricted*

In prior years, this appropriation had been established to provide for TV program rights. Future amounts may be transferred to (from) the reserve on the authority of the Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) Property plant and equipment

Property plant and equipment are recorded at cost less accumulated amortization. Amortization is calculated over the assets estimated useful lives as follows:

Office equipment and furniture	Declining Balance	30%
Uplink development and broadcast equipment	Declining Balance	30%
Computer hardware	Declining Balance	40%
TVs, VCRs, satellite dish and video receivers	Declining Balance	40%
Fax machines and conferencing units	Declining Balance	50%
Computer software	Declining Balance	60%
Data transmission equipment	Straight Line	2 years
Scheduling computer software	Straight Line	5 years
Network configuration	Straight Line	5 years
Office renovations	Straight Line	6 years
Digital video compression equipment	Straight Line	9 years

On an annual basis SCN management assesses the remaining useful life of property, plant and equipment and if required adjusts the amortization period.

f) Film and television program rights

Film and television program rights are recorded at cost less accumulated amortization. Amortization is calculated over the assets estimated useful lives as follows:

Class A: Event programming	Expense	100%
Class B: Short to Mid term programming	50:50	2 years
Class C: Normal term programming	35:35:30	3 years
Class D: Long term programming	Straight Line	5 years

On an annual basis SCN management assesses the remaining useful life of film and television program rights and if required adjusts the amortization period.

g) Future accounting policy changes

Future accounting policy changes in February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on, or after, January 1, 2011, including comparative figures for the prior year. The Public Sector Accounting Board (PSAB) is currently deliberating the definition of publicly accountable enterprises as it applies to government entities including CIC and its subsidiaries. At this time the final outcome of these deliberations is not determinable and therefore the need for the Corporation to adopt IFRS has not been firmly established. Given the considerable effort required to prepare for the adoption of IFRS within the communicated timelines, the Corporation is proceeding under the assumption that adoption of IFRS will not be required. Work is in the early stages, and, as a result, the impact on the Corporation's future financial position and results of operations is not reasonably determinable.

3. PROPERTY PLANT AND EQUIPMENT

The components of property plant and equipment as well as the related accumulated amortization are:

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment and furniture	$ 562,109	$ 464,222	$ 97,887	$ 101,965
Uplink development and broadcast equipment	1,358,868	1,078,631	280,237	400,338
Computer hardware	692,010	618,092	73,918	47,436
TVs, VCRs, cameras, satellite dishes and receivers	488,417	485,753	2,664	2,573
Fax machines and conferencing units	31,652	31,646	6	11
Computer software	331,965	284,226	47,739	42,943
Data transmission equipment	2,287,817	2,286,976	841	2,944
Scheduling computer software	139,783	137,904	1,879	10,746
Network configuration	2,072,909	868,800	1,204,109	619,385
Office renovations	195,236	195,236	0	4,121
Digital video compression equipment	1,341,474	1,341,474	0	0
	$9,502,240	$7,792,960	$1,709,280	$1,232,462

4. FILM AND TELEVISION PROGRAM RIGHTS

The components film and television program rights as well as the related accumulated amortization are:

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Class B	$ 785,649	$ 392,824	$ 392,825	$ 463,104
Class C	1,053,714	526,489	527,225	450,686
Class D	3,231,212	1,841,225	1,389,987	1,627,764
	$5,070,575	$2,760,538	$2,310,037	$2,541,554

Amortization for the year totaled $2,163,535 (2008 - $2,039,811).

5. FUNDS UNDER ADMINISTRATION

The Corporation administers funds on behalf of related parties, in accordance with the terms of contracts between the Corporation and the related parties.

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for data transmission over satellite and other miscellaneous amounts. Changes in the deferred contributions balance are as follows:

	2009	2008
Data transmission over satellite		
Beginning balance, related to data transmission over satellite	$ 25,143	$ 117,944
Less amount recognized as revenue in the year	(25,143)	(117,944)
Add amount received related to the following year	2,400	25,143
Ending balance, data transmission over satellite	2,400	25,143
Miscellaneous		
Beginning balance, miscellaneous	3,750	8,195
Less amount recognized as revenue in the year	(1,500)	(4,445)
Add amount received related to the following year	27,400	---
Ending balance, miscellaneous	29,650	3,750
Ending balance	$ 32,050	$ 28,893

7. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY PLANT AND EQUIPMENT

Deferred contributions represent funding received to purchase data transmission over satellite equipment and network configuration equipment. The data transmission over satellite equipment is amortized over the two year life of the underlying assets. The network migration equipment is amortized over the five year life of the underlying assets. Changes in the deferred contributions balance are as follows:

	2009	2008
Data transmission over satellite equipment		
Beginning balance	$ 2,944	$ 5,885
Contributed equipment	1,682	5,888
Amount amortized to revenue	(3,785)	(8,829)
Ending balance, data transmission over satellite equipment	841	2,944
Network configuration equipment		
Beginning balance	615,152	---
Contributed equipment	790,226	768,940
Amount amortized to revenue	(311,833)	(153,788)
Ending balance, network configuration equipment	1,093,545	615,152
Ending balance	$1,094,386	$ 618,096

8. COMMITMENTS

a) Productions

At March 31, 2009 the Corporation had commitments totaling $12,250 (2008 - $37,475) representing the estimated cost to complete productions in progress.

b) Broadcast and duplication rights

At March 31, 2009 the Corporation had commitments totaling $786,827 (2008 - $1,913,305) for the acquisition of broadcast and duplication rights.

c) Satellite transponder

At March 31, 2009 the Corporation had commitments with vendors for transponder space totaling $3,876,912 (2008 - $4,822,140). Included in this total are $587,944 in costs to support the Internet over Satellite Initiative for 2009-11 which the Ministry of Education has committed to cover. The vendor contract extends to March 31, 2013 and the commitment with the Ministry of Education extends to June 30, 2011.

d) Property lease agreement

The Corporation has a contract with the Ministry of Government Services, a related party, for the lease of accommodation space. The estimated contract cost for 2009-10 is $341,784. The contract extends to June 14, 2012.

e) Lease agreement for broadcast scheduling software

The Corporation contracts with vendors for the lease of broadcast scheduling software. The contract cost for 2009-10 is $4,331. The contract extends to August 2009.

A summary of future years commitments are detailed below:

Year ending March 31	Commitments
2010	$ 1,929,920
2011	1,501,664
2012	1,323,427
2013	1,044,348
Total	$ 5,799,359

9. PENSION COSTS

In 2009, pension expense and employer contributions for the Public Employees Pension Plan were $130,957 (2008 - $144,880).

10. FINANCIAL INSTRUMENTS

Upon initial recognition, financial instruments are measured at fair value and are subsequently accounted for based on their classification as described below:

a) *Held-for-trading*
This classification is carried at fair value with any gains or losses included in net income. The Corporation has classified cash as held-for-trading. This measurement is consistent with the classification under the prior accounting standards and does not result in a change to net assets.

b) *Loans and receivables, and other liabilities*
These classifications are accounted for at amortized cost using the effective interest method. The Corporation has classified accounts receivable as loans and receivables and accounts payable, accrued liabilities and funds under administration as other liabilities. This measurement is consistent with the classification under the prior accounting standards and does not result in a change to net assets.

The Corporation does not have any financial assets or financial liabilities which are not recognized in the financial statements.

The Corporation is exposed to credit risk from the potential default of customers. However, the majority of the Corporation's receivables are from related parties, other government corporations and agencies.
Therefore the credit risk is minimal.

11. RELATED PARTY TRANSACTIONS

All Government of Saskatchewan agencies such as ministries, corporations, boards and commissions are related since all are controlled by the government.

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown-controlled ministries, agencies and corporations with which SCN is related. The more significant of these are SaskTel, Ministry of Government Services (GS), the Saskatchewan Legislative Assembly (SLA), and Ministry of Education. Also, SCN is related to non-crown enterprises that the government jointly controls or significantly influences. Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms.

The following table summarizes SCN's major related party transactions that are in the normal course of operations. These transactions are recorded at exchange amounts agreed to by the related parties.

11. RELATED PARTY TRANSACTIONS *(continued)*

	2009	2008
Revenues		
Government of Saskatchewan, Provincial grant	$ 5,997,000	$ 5,997,000
Ministry of Education	634,766	1,214,296
Saskatchewan Legislative Assembly	270,008	255,150
Ministry of Environment	136,430	84,796
Ministry of Government Services	57,330	148,948
Ministry of Highways and Infrastructure	35,368	---
Ministry of Social Services	---	13,772
Saskatchewan Transportation Company	---	13,890
Other	19,976	31,496
Expenses		
Ministry of Government Services	466,943	378,238
SaskTel	34,399	40,985
University of Saskatchewan, Division Media Technology	28,333	---
Saskatoon Regional Health Authority	16,250	---
Other	20,369	22,115
Property, Plant and Equipment		
Ministry of Government Services	---	345,310
Accounts Receivable at March 31		
Ministry of Education (Funds Under Administration)	3,050,000	---
Ministry of Education	569,098	---
Ministry of Environment	55,889	12,946
Ministry of Highways and Infrastructure	35,368	---
Saskatchewan Legislative Assembly	14,438	---
Ministry of Government Services	13,230	23,152
Ministry of Social Services	---	13,989
Other	4,984	1,375
Accounts Payable at March 31		
Ministry of Education	237,692	---
Ministry of Finance	118,598	96,686
University of Saskatchewan	15,000	---
Ministry of Government Services	12,499	351,853
SaskTel	2,576	2,407
Other	---	3,347

In addition, the Corporation pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

12. COMPARISON OF PLANNED AND ACTUAL RESULTS

	2009		2008
	Budget	Actual	Actual
General Operating Expenses			
Film and television program rights	$ 96,000	$ 76,400	$ 84,528
Film and television program rights – amortization	2,163,535	2,163,535	2,039,811
Program development and production	325,801	220,069	399,182
Program support	573,962	682,119	638,295
Broadcast network distribution and support	788,209	679,009	717,517
E-learning network distribution and support	717,573	576,408	656,669
Administration	1,853,211	1,609,160	1,825,073
Administration – amortization	142,806	142,806	156,571
Network distribution - amortization	518,449	518,449	360,197
Sub-total	7,179,546	6,667,955	6,877,843
Additional Services Provided			
Network distribution - data	1,394,364	997,762	1,429,180
Network distribution – video	255,713	306,208	267,759
Sub-total	1,650,077	1,303,970	1,696,939
Total	$ 8,829,623	$ 7,971,925	$ 8,574,782
Capital Purchases			
Property Plant and Equipment			
Administration	$ 53,881	$ 153,678	$ 144,160
Network distribution – general	33,748	982,714	824,066
Network distribution – additional services	3,027	1,681	5,888
Sub-total	90,656	1,138,073	974,114
Film and Television Program Rights			
General program rights	1,600,000	1,813,518	926,209
Educational program rights	---	---	450,540
Sponsorship program rights	118,500	118,500	673,797
Sub-total	1,718,500	1,932,018	2,050,546
Total	$ 1,809,156	$ 3,070,091	$ 3,024,660

13. CLASSIFICATION OF EXPENSES BY OBJECT

	2009	2008
Salaries (including benefits)	$ 2,364,455	$ 2,672,391
Communications	200,567	249,538
General operations		
-Administration	676,735	644,816
-Networks	574,350	436,557
Distribution of networks	1,866,616	2,282,439
Program rights	2,239,935	2,124,339
Production costs	49,267	164,702
Total	$ 7,971,925	$ 8,574,782